

FORM PR-551

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(FORMERLY GT)  
(4-29-60)

U.S. DEPARTMENT OF COMMERCE  
BUREAU OF PUBLIC ROADS

FORM APPROVED  
BUDGET BUREAU NO. 41-R1476.2

STATE

CALENDAR YEAR

**MOTOR-FUEL CONSUMPTION**

(PPM 50-5.3)

1. RATE OF TAX IN CENTS PER GALLON. (If rate changed during year give date or dates of change and rates in effect during the periods involved)

2. STATE CLASSES AND USES OF MOTOR-FUEL EXEMPTED WHOLLY OR IN PART FROM TAXATION:

a. EXEMPTED FROM INITIAL PAYMENT OF TAX

b. SUBJECT TO REFUND OF FULL AMOUNT OF TAX

c. PARTIALLY EXEMPTED OR TAXED AT A LOWER RATE (State whether initially exempted or subject to refund)

FORM PR-551  
(REV. 2-66)U.S. DEPARTMENT OF COMMERCE  
BUREAU OF PUBLIC ROADSBUDGET BUREAU NO. 41-R1476.2  
APPROVAL EXPIRES SEPTEMBER 30, 1967

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3. DATA IN ITEM 4 DERIVED FROM:

☐ ACTUAL RECORDS OF GALLONAGE☐ EVALUATION OF TAXES PAID

IF DERIVED FROM EVALUATION OF TAXES, WHAT ALLOWANCE WAS MADE FOR LAG BETWEEN TIME OF CONSUMPTION AND TIME OF TAX PAYMENT:

☐ ONE MONTH☐ TWO MONTHS☐ THREE MONTHS☐ OTHER

NOTES AND COMMENTS

SOURCE

COLLECTING AGENCY OR AGENCIES

THIS INFORMATION FROM RECORDS OF

COMPILED UNDER DIRECTION OF

## MOTOR-FUEL CONSUMPTION

STATE

CALENDAR YEAR

| MONTH OF CONSUMPTION | GROSS GALLONS REPORTED<br>(1) | ALLOWANCE FOR SHRINKAGE AND OTHER LOSSES<br>( _____ Percent)<br>(2) | GALLONS EXEMPTED FROM TAXATION<br>(3) | GROSS GALLONS TAXED<br>(Column 1 minus Column 2 + 3)<br>(4) | GALLONS SUBJECT TO REFUND<br>(5) | NET GALLONS TAXED<br>(Column 4 minus Column 5)<br>(6) |
|----------------------|-------------------------------|---|---------------------------------------|---|----------------------------------|---|
| JANUARY              |                               |   |                                       |   |                                  |   |
| FEBRUARY             |                               |   |                                       |   |                                  |   |
| MARCH                |                               |   |                                       |   |                                  |   |
| APRIL                |                               |   |                                       |   |                                  |   |
| MAY                  |                               |   |                                       |   |                                  |   |
| JUNE                 |                               |   |                                       |   |                                  |   |
| JULY                 |                               |   |                                       |   |                                  |   |
| AUGUST               |                               |   |                                       |   |                                  |   |
| SEPTEMBER            |                               |   |                                       |   |                                  |   |
| OCTOBER              |                               |   |                                       |   |                                  |   |
| NOVEMBER             |                               |   |                                       |   |                                  |   |
| DECEMBER             |                               |   |                                       |   |                                  |   |
| YEAR                 |                               |   |                                       |   |                                  |   |
| TOTAL                |                               |   |                                       |   |                                  |   |

NOTES AND COMMENTS

## INSTRUCTIONS

(Please detach this sheet prior to submittal of report)

**The Form** - This form provides for a report, by months, of gallons of motor fuel consumed, and should be prepared in the office of the State motor-fuel tax collecting agency. The tax collections of the calendar year, and the disposition of the funds received, will be reported on PR-556.

**Item 1** - Give the basic rate or rates of tax in effect during the year, clearly indicating the periods during which different rates were in effect; special rates and exemptions are covered in Item 2.

**Item 2** - Account for all exemptions, refunds, and special or reduced rates allowed by law. Sample entries would be as follows:

- a. Exempted from initial payment of tax - "Federal use and fuel moving in interstate commerce"
- b. Subject to refund of full amount of tax - "Agricultural and industrial use"
- c. Partially exempted or taxed at a lower rate (State whether initially exempted or subject to refund.) - "Motor-boat use, 1¢ of 6¢ refunded. Tax reduced 1¢ at State borders."

If desired, this information may be given in supplementary notes. Any changes or modifications which have taken place during the year should also be noted. The term "exemption" applies where the State purposely does not collect the tax, such as on fuel purchased by the Federal government or loss allowances. "Refunds" apply where the State collects the tax and later returns all or part of it on claim for non-highway use, such as agriculture. Distributors also obtain refunds on their own nontaxable uses on which the tax has been paid.

**Item 3** - Gallonage reported on PR-551 should reflect as closely as possible the motor-fuel consumption of a given month. Actual records of gallonage may take the form of (a) distribution or sales of each month as compiled from the distributors' reports, which are generally filed during the succeeding month; (b) amounts of motor fuel produced or received within the State. Gallonage figures obtained from an evaluation of taxes paid will be obtained as follows: The tax collections of a given month will be evaluated in gallons and advanced one month or more to allow for the lag between distribution and payment of the tax. The particular procedures agreed upon in the correspondence of past years should be followed unless it is found upon investigation that figures more closely related to the consumption of each month are available.

### Item 4 - Motor Fuel Consumption

**Gross gallons reported** - Column 1 in Item 4 should represent, as accurately as possible, the total monthly consumption of motor fuel within the State during the year. The gross gallons reported by distributors will, in many States, include (1) motor fuel destined for use outside the State and (2) duplications of gallonage due to sales by one distributor to another. In order that the data reported in column 1 may represent actual consumption within the State, the following classes of reported gallonage should be eliminated prior to tabulation: (a) motor fuel exported from the State and therefore exempted from taxation; (b) jobbed sales or similar transactions exempted to avoid duplication of the tax.

While the amounts of such exemptions need not be reported, it should be verified that they are not included in the gross totals. In some cases certain quantities are included in the refund gallonage, as well as refunds for over-payment, which do not represent actual consumption. They cannot be eliminated from refunds unless the refunds are sufficiently classified to permit such procedure.

**Shrinkage or loss allowances** - Some States make a flat percentage allowance for losses in handling. Others make allowances for actual losses, generally not to exceed a

certain percentage; or permit the distributor to show stock losses in his reconciliation of inventory. The amounts of such shrinkage or loss allowances made in each month should be entered in column 2 of Item 4. (It follows, of course, that the gross total entered in column 1 should include the amounts of these allowances.)

The percentage allowances are most frequently based on the quantity otherwise taxable; but are sometimes computed on another basis, such as the gross quantity handled. If the amount of allowance is not of record and it is necessary to estimate it, care should be taken to make the computation on the proper basis. The following example illustrates the method:

Given that the allowance is 1 percent of the quantity otherwise taxable, and that

Gross gallons taxed are reported as 1,256,423

Then the shrinkage allowance is given by the following equation:

$$\text{Allowance} = \frac{1,256,423 \times 1}{100} = 1,256.423$$

$$= 1,269,114 - 1,256,423 = 12,691$$

A number of States make allowances or discounts in consideration of prompt payment or expenses incurred by the distributor in keeping records and collecting the tax. Such allowances are merely deductions from the gross amount of tax due the State and do not in any sense affect motor-fuel consumption. For this reason these deductions should not be entered as loss allowances in column 2. They should be considered as deductions from the tax only; and the corresponding gallons should be included in the taxed gallonage reported in columns 4 and 6. The amounts of allowances for expenses, prompt payment, etc., are to be recorded as deductions from gross tax collections in PR-556, Item 2a (2).

In a few States a percentage allowance is made in consideration of both losses in handling and expense of collection. Since losses in handling affect the distribution of motor fuel and allowances for expenses do not, it is necessary in the analysis of motor-fuel usage to divide the total allowance into two parts; one representing the estimated losses in handling and other actual losses such as evaporation, destruction by fire, explosion, etc., and the other representing the estimated allowance for expenses.

In many States a distinction is made between losses in storage and handling, and losses through evaporation, destruction by fire, explosion, etc. Where exemptions are made on account of losses of the former type the total of such losses should be included with handling losses in column 2.

The inclusion of losses in this column should be explained in a footnote, and the entries should, if possible, be separated into figures showing each of the two types of losses. A suggested method of indicating the breakdown is to type in column 2 a two-line entry for each month, the upper line to show losses by destruction and the lower to show allowances for losses in handling.

**Gallons exempted from taxation** - As stated previously, amounts not representing motor fuel actually consumed in the States, such as export sales, fuel moving in interstate commerce, and amounts exempted to avoid duplication of tax should be excluded from column 1 and, therefore, also from column 3. Motor fuel refunds should not be reported in this column. Entries should be restricted to motor fuel on which no tax was paid in the first instance.

All amounts exempted from taxation, other than loss allowances and the exceptions stated in the preceding paragraph, should be listed by months in column 3 of Item 4. If the information is available, the entries in column 3 should be

**INSTRUCTIONS - Continued**  
(Please detach this sheet prior to submittal of report)

supported by a classified statement, preferably by months, of the amounts exempted for different purposes. In many States Federal use is the only class of exemption reported. Other classes of exemption found in a few States are as follows:

- State, county, and municipal use.
- Nonhighway use by distributors.
- Nonhighway use when sold in large lots.
- All nonhighway use.
- Specific classes of nonhighway use, such as railway and aviation use.

Some States fail to maintain records in sufficient detail to provide a statement of the amounts of motor fuel exempted from taxation. In such cases it is desired that an estimate of the exemptions, particularly of Federal use, be supplied in a note or supporting statement.

**Gross gallons taxed** - The amounts reported in column 4, "Gross gallons taxed," should equal the gallons reported in column 1, less the gallons reported in columns 2 and 3. Strictly speaking, the quantity required is the gross gallons assessed for taxation listed by month of sale or distribution.

**Gallons subject to refund** - In theory the monthly series to be entered in column 5, Item 4, should represent the gallons of motor fuel sold or distributed in each month, upon which refunds of the tax were subsequently granted. Such a series would synchronize with the data reported in columns 1 to 4, which are based on the distributors reports of the distribution and sales of each month. Refunds, however, are in general paid to the purchaser, and very few States maintain or compile a record of refunds classified by month of purchase of the motor fuel.

In the great majority of cases it has been found that refunds, and corresponding gallonages, are tabulated against the month in which they were paid, as the State records afford only this information. Some States maintain a record of refunds certified in each month, as well as refunds paid; and the monthly series of refunds certified is sometimes used on PR-551.

In compiling the data for column 5, information should be given whereby it will be possible to distribute refunds and corresponding gallonages approximately to the months in which the motor fuel was sold. This may be done in two ways: (1) to advance the monthly series by one or more months in compiling the form, explaining in a note the nature of the adjustment and the basis for adopting it; (2) to record the refunds paid (or allowed) according to the State records, without offset; and then to state in a note the regulations governing refund claims and payments, and such information as may be available regarding the lag between purchase of the fuel and payment of the refund.

This will permit analysis for each State of the monthly variation in the consumption of motor fuel. The fact that refunds are not tabulated against the month of purchase has a considerable effect on the accuracy of such analyses, especially in the case of States in which there is a large use of agricultural machinery.

**Classification of refunds** - The data entered in column 5 should be supported by a statement of refunds classified according to the uses for which they were granted, if such information is available. Preferably this should be a statement by months with totals identical with those entered in column 5. The refund classifications used by the State will, of course, be followed. The following list is indicative of the information desired.

Use for which refunded:

- Aviation
- Agriculture
- Industry and commerce
- Domestic
- Marine

- Railroad
- U.S. Government
- State, county, and municipal
- Export
- Other

Refunds on account of export sales do not represent motor fuel used in the States. If it is found practicable, the gallonage represented by refunds on export sales should be eliminated from column 5, and entries in columns 1 and 4 should be reduced by the same amounts. This adjustment should preferably be based on the months in which the export gallonage was sold, rather than the months in which the refunds were paid. Similarly, minor adjustments such as refunds on tax paid in error or refunds to avoid duplication of tax may be applied as corrections to the reported gallonage of previous months, and thus eliminated from the refund gallonage reported in column 5, columns 1 and 4 being reduced by the same amounts.

**Net gallons taxed** - Amounts to be entered in column 6 are obtained by subtracting entries in column 5 from corresponding entries in column 4. In the case of States where there are no refunds, columns 4 and 6 will be identical.

**Different rates, partial refunds, etc.** - If it is necessary to report motor fuel taxed at two rates during a given month, that taxed at the basic rate should be reported on one line and that taxed at the other rate on a separate line. Sufficient information should be given in the notes so that the amounts of motor fuel taxed at different rates during each month may be made clear. If reduced rates take the form of partial refunds, that fact should be noted.

Space for three lines of typing is provided for totaling figures for the entire year. The first two lines should contain the sums of the two lines entered for the individual months (in case more than one rate was in effect); and the third line should give the totals of the first two lines, i.e., the total gallons reported and assessed for taxation during the year.

The subdivision of gallonage according to rate of tax should be applied to both columns 4 and 5, i.e., both gallons taxed and gallons subject to refund at each rate should be given. If feasible, the separation should be carried through by subtraction to column 6. The latter procedure, however, will be found impracticable in case the rate of tax was changed during the year, as refunds are commonly granted and paid at the old rate for several months after the change.

**Special motor fuels** - Highway use of diesel fuel and other special motor fuels, such as butane, are taxed at the same rate as gasoline in most States. Some States, however, tax some or all special fuels at a higher rate than gasoline. Still other States provide for exemptions or refunds of the tax for some highway uses of special fuels, such as use in transit buses, construction vehicles, or official vehicles. In all cases the amounts of diesel and other special motor fuels so used should be included on PR-551. Supplementary statements should show the amounts segregated by type of fuel (i.e., diesel, butane, other) as reported to, or estimated by, the State motor-fuel tax collecting agency, and the appropriate tax provisions pertaining thereto (i.e., rate of tax, exempted, refunded).

**Supplementary information** - In addition to classified statements of exemptions and refunds, PR-551 should be accompanied by any available material in the form of printed, mimeographed, or photostated statements, which will support or supplement the information given on the form. Annual reports of the motor-fuel tax bureau and copies of new legislation affecting the taxation and use of motor fuel should be supplied when available. Monthly reports of motor-fuel consumption and tax revenues should be submitted in the format customarily used by the State.

Some States require motor carriers to pay the tax on all fuel consumed in the State regardless of where purchased. The number of gallons so taxed, after credits and refunds, should be shown in a supplementary statement. The gallonage should be distributed by months, as reported by the users or as estimated by the State tax authority, and segregated between gasoline and special fuels.